



GRUPO BIMBO GLOBAL AGRICULTURE POLICY PROGRESS UPDATE– December 2020

In 2017, Grupo Bimbo published its [Global Agriculture Policy](#), which describes its vision on agricultural practices that support economic, environmental and social resilience, its commitment to promote these practices in all its supply chains, and its expectations for suppliers to drive implementation. Grupo Bimbo's Global Agriculture Policy is based on lessons learned through the ongoing implementation of its Global Palm Oil Policy, published in 2015. Details regarding palm oil objectives and its progress can be found [here](#).

In 2020, Grupo Bimbo prioritized 5 objectives for the implementation of the Global Agriculture Policy. The detailed action plan can be consulted [here](#).

Below are Grupo Bimbo's objectives for 2020 and the progress associated with this semester:

1. Share with suppliers the commitment to source from certified or recycled paper and cardboard by 2025

During 2020 Grupo Bimbo worked closely and proactively with its supply chain at a global level to accelerate its transition from conventional material to certified or recycled material for paper and cardboard for packaging and indirect material.

To accompany suppliers in this process, Grupo Bimbo recognizes the importance of capacity development in its supply chain. For this reason, sessions have been scheduled with forest certification organizations, so that they can explain in detail the frameworks of these standards, and providers can prepare to carry out this transition within their organizations.

Additionally, for the second successive year, Grupo Bimbo has joined CDP's Supply Chain program, asking its main suppliers to complete the Climate Change and Forests questionnaire. These suppliers represent 90% of the spending in the categories of packaging and indirects. The purpose of inviting suppliers to this process is to learn about the certification standards they handle, best practices, mitigate possible risks, as well as to identify opportunities for collaboration. During 2020, a response rate of 95% was achieved in the Climate Change program and 94% in the Forest program, Grupo Bimbo is one of the companies with the best performance in terms of the response obtained by its chain supply in the CDP program.

As a result of this hard work with our supply chain, at present more than 60% of our suppliers for packaging and indirect materials have adopted a recognized forest certification scheme for inputs that supply Grupo Bimbo globally.

2. Reaching out to its largest South American soy suppliers to address social and environmental risks in high priority sourcing regions:

In 2020 Grupo Bimbo mapped its supply chain to identify those suppliers that could be sourcing from risk areas. It was determined that 11% of the soybean oil volume had the potential to come from a risk source (South America). For that volume, crusher-level traceability of 88% has been achieved. Traceability to the plantation is one of the challenges to be achieved in the following years with the advance of industry maturity.

Conclusions from the traceability of the 11% mentioned volume are:

- 69% comes from Brazil, 31% from Argentina and a minimal percentage from other countries such as Bolivia.
- 89% of the volume supplied comes from two major traders in the region, directly and indirectly. During the second half of 2020, Grupo Bimbo initiated a supplier evaluation exercise, sourcing from risk regions such as South America. Through this, it has been engaged two large traders and other more local providers. Engagement consists of an evaluation on:
 - Equivalent policy
 - Traceability
 - Transformation into action
 - Grievance mechanism
 - Verification and monitoring

Through data collection and direct dialogue with suppliers, Grupo Bimbo is building a baseline on the maturity level of the soybean industry in the region and identifying opportunity areas.

Through this dialogue, a discussion on the results has begun and action plans have been established to work on an annual basis in order to close gaps in responsible sourcing in the chain of the mentioned suppliers. Besides, in this way, Grupo Bimbo has been able to share both its commitments framed in its Global Agriculture policy, as well as other commitments acquired as a member of the [Consumer Goods Forum](#) and as a signatory of the [Cerrado Manifesto](#).

Likewise, Grupo Bimbo has completed the risk analysis of the supply chain of these traders, which began in 2019. Due to these exercises, priority regions have been identified in Brazil for Grupo Bimbo's supply chain. Furthermore, in the second semester of 2020, sustainable soybean initiatives were identified in Brazil, which will serve as input to evaluate the intervention in the next year in these priority regions.

On the other hand, in an effort to have a better understanding of the company's soy supply chain, Grupo Bimbo, together with one of its most relevant soy suppliers in the United States, is collaborating with the [Earthworm Foundation](#) and [Blue Number](#) by inputting information into a digital platform, designed by them, to map the soy supply chain in that country.

3. Implementation of pilot projects for corn and wheat

115 farmers participated in the Bimbo Sustainable Wheat program during the 2019-2020 Autumn / Winter cycle, applying sustainable practices to 2,791 hectares in Sonora and 3,196 hectares in Sinaloa. With this, it was possible to reduce water consumption per ton produced by 18% in Sonora and 24% in Sinaloa (on average, 192 m³ of less water in Sonora and 258 m³ less in

Sonora per ton produced, when compared to control plots and plots where sustainable practices were applied). Regarding the reduction in CO2 emissions, in Sinaloa there is a 19% reduction and a 23% reduction per hectare in Sonora (on average 61 kg / ha of CO2 in Sonora and 45 kg / ha of CO2 in Sinaloa of emissions reduction compared to control plots). The total volume traded in this cycle was 20,500 tons.

On the progress of the Bimbo Sustainable Corn program, during the Spring / Summer 2020 cycle, to the last data cut corresponding to October, participation of 142 producers in Hidalgo and Jalisco was registered, with an area of 1,705 hectares. At the time of this edition, there is an overall harvest advance of 35%; in the next update of the policy progress, the data will be reported at the end of the cycle of this program.

It is worth mentioning that, the 2030 strategy will start its implementation during the beginning of the wheat and corn cycles, which will be sown in 2021. The strategy includes the reduction of the carbon footprint by 16% in accordance with the goals established by Grupo Bimbo.

4. Animal welfare

At Grupo Bimbo, the commitment to transition to the use of cage-free hen eggs is framed in the context of a broader sustainability strategy, which encompasses the entire value chain, and covers topics such as food waste, packaging, use of water, carbon footprint, among others.

Specifically for this commitment, a special committee has been formed for a more systematic review of the progress. This committee has provided greater transversality in the efforts around this issue, which has enabled coordinating objectives from the corporate, in order to permeate goals towards the business units in a collaborative way.

Additionally, and in alliance with Humane Society International, progress has been made in the training of Grupo Bimbo's internal teams through technical workshops with the objective of increasing awareness on animal welfare issues. These workshops have also been replicated with some providers, facilitating access to information on technical requirements, equipment / infrastructure and available certifications.

5. Prioritization based on the results of materiality, other raw materials to work with.

During the second half of 2020, Grupo Bimbo has begun to work on the sugar responsible sourcing. First, it has conducted a review of its Global Agriculture policy through industry benchmarking.

In this second semester, at a global level and specifically in Mexico, a mapping of its supply chain has begun so that challenges associated with the supply chain can be identified and make decisions about the next steps.